

ANGLO UNITED  
*Development Corporation*  
LIMITED

ANNUAL REPORT



1972





ANGLO UNITED

*Development Corporation*

LIMITED

ANNUAL REPORT TO THE SHAREHOLDERS  
FOR THE YEAR ENDED OCTOBER 31ST

1972





#### **OFFICERS**

President, PATRICK J. HUGHES  
Executive Vice-President, ALAN R. B. LOWE  
Vice-President, MATTHEW GILROY  
Vice-President, L. JULES GREGOIRE  
Secretary-Treasurer, ROBERT H. WRIGHT

#### **\*DIRECTORS**

PETER McALEER,  
Barrister at Law, Dublin, Ireland  
JOHN C. EVANS,  
Investment Dealer, Toronto, Canada  
MATTHEW GILROY,  
Mining Executive, Dublin, Ireland  
L. JULES GREGOIRE,  
Civil Engineer, Hull, Canada  
A. GARFIELD HEYES,  
Mining Executive, Toronto, Canada  
PATRICK J. HUGHES,  
Mining Executive, Dublin, Ireland  
ALAN R. B. LOWE,  
Mining Executive, Toronto, Canada  
JAMES H. MORLOCK,  
Barrister and Solicitor, Toronto, Canada  
GEORGE T. SMITH,  
Barrister and Solicitor, Toronto, Canada

#### **\*TECHNICAL STAFF**

JOHN J. ROYALL, B.Sc., Resident Manager  
Chief Geologist in charge of A & P Project  
ANDRE VIAL, B.Sc., M.Sc., Geologist  
DAVID G. WILBUR, B.Sc., Geologist  
JOHN O'CONNELL, B.Sc., Geologist

#### **SHAREHOLDERS' AUDITORS**

McDONALD CURRIE & CO.,  
Chartered Accountants, Toronto, Canada

#### **BANKERS**

BANK OF NOVA SCOTIA,  
King and Victoria Sts. Branch, Toronto, Canada  
Suffolk Street, Dublin, Ireland

#### **EXECUTIVE AND HEAD OFFICE**

P.O. Box 27,  
Suite 2602, Royal Trust Tower, Toronto-Dominion Centre,  
Toronto, Canada M5K 1A1  
Telephone (Area Code 416) 362-2781, Telex: 06-217766  
Cable Address "ANGUNIT" Toronto, Canada

#### **DUBLIN OFFICE**

162 Clontarf Road,  
Dublin, Ireland

\*at January 1, 1973

*The 1973 Annual Meeting of Shareholders will be held in the Quebec Room, Royal York Hotel, Toronto, Canada, on Friday, May 4, 1973, at 9:00 a.m. Toronto time.*



Patrick J. Hughes  
President

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to submit the twenty-third annual report of your Company. Included are the audited financial statements for the fiscal year ended October 31, 1972, a review of properties held, and a summary of activities during the year and the subsequent period to date.

In the fiscal year ended October 31, 1972, your Company's exploration was principally in connection with the 53 prospecting licences optioned from La Societe Miniere et Metallurgique de Penarroya ("Penarroya") under the agreement dated July 1, 1971.

A staff of thirteen, including six geologists, was assembled. A thorough review was made of all data pertinent to the various programs carried out by Penarroya over the period from 1965 to 1970, inclusive. The evaluation and exploration programs relating to the group of 53 prospecting licences commenced during October of 1971 and was progressively expanded during the fiscal year.

Where appropriate, geochemical sampling was carried out in several licence areas and more than 30,000 soil samples were taken. Induced polarization surveys were made in the Wexford, Monaghan and Mallow districts and 3,225 feet of diamond drilling was completed during the fiscal period on the Wexford licence group.

To the fiscal year end, October 31, 1972, the Company expended \$204,697 in exploration in connection with the Penarroya licences. This expenditure was well in excess of the required minimum amount of \$100,000 to extend the option to October 31, 1973.

Exploration was also carried out on the Company's wholly owned licence 1285 in the Carrick-on-Shannon District, County Roscommon, including geological mapping and a short induced polarization survey. A brief program of prospecting for molybdenite was carried out over certain areas of the Galway licences in which your Company has a 74.2% interest.

During the year, three groups of claims were staked for the Company in the Yellowknife Area to cover recorded gold and base metal showings. These groups are in the general vicinity of the 20-claim Camp Lake Gold property in Canada.

Subsequent to the fiscal year end, detailed deep soil sampling was carried out on licence 460 in the Faureygate Area, County Kerry, together with follow-up induced polarization surveying. A well defined lead-zinc-copper geochemical anomaly was outlined, aligned approximately east-west with dimensions of about 1,600 feet by 300 feet. A program of diamond drilling commenced during January, 1973, which is still continuing.

Diamond drilling also commenced on licence 1399 near Mallow, County Cork, to test a strong copper anomaly aligned approximately north-south with dimensions of about 2,000 feet by 400 feet. Drilling to date with respect to the five holes for which assays have been received, has provided encouraging results.

The following is a review of the principal exploration targets, joint ventures and mineral holdings pertinent to your Company's activities during the 1972 fiscal year and the ensuing period to date.



## **PROSPECTING LICENCES IN THE REPUBLIC OF IRELAND**

The new financing obtained by your Company as a result of the 1971 underwriting, the proceeds of which amounted to \$958,750 and the subsequent sale of additional shares to provide a further \$136,250, created the necessary financial base for the vigorous program of exploration which has been maintained by the Company during the past period of approximately 18 months.

### **PENARROYA LICENCES**

As stated, the main thrust of the Company's exploration has been directed toward the group of 53 licences optioned from Penarroya. The following are the principal exploration programs carried out during the 1971-72 fiscal year.

**Wexford Licences 455, 456, 571, 1153 and 1463.** A comprehensive program of geological mapping, geochemical sampling and geophysical surveying culminated in a 3,225 foot diamond drilling program. The latter program commenced during February of 1972 and four holes were subsequently completed. Zinc mineralization was intersected at depths to 750 feet.

Owing to the broken ground within the area, diamond drilling proved unsatisfactory in terms of cost and core recovery. The drilling program was suspended to review the information obtained and to establish whether core recovery might be improved by different drilling methods. Further drilling is scheduled for this area, particularly on some of the shallower targets. Meanwhile geochemical sampling is continuing.

**Monaghan Licences 702, 703, 704, 857, 858 and 859.** Soil sampling, geological mapping and prospecting was carried out on this group of licences, together with a short orientation induced polarization survey. Previously unreported minor zinc mineralization was found in

limestone blocks on licence 703. During January, 1973, geological mapping and prospecting was recommended in this area with a view to establishing targets for more detailed induced polarization surveys and ultimately, diamond drilling to test any specific targets indicated.

**Donegal Licences 871, 872, 873, 874, 895, 896, 897, 1154, 1397 and 1398.** Geochemical sampling and geological mapping programs were completed over this licence area. Extensive low grade zinc-lead mineralization, known and explored by various companies for several years, has a widespread surface geochemical expression. During January this year, an induced polarization survey was carried out in three areas with inconclusive results.

**Limerick Licences 868, 869, 870 and 1434.** Geological mapping and geochemical sampling has been completed. A considerable amount of prospecting remains to be done on these licences and various geochemical anomalies have been defined which may be further investigated by induced polarization.

**Kerry Licences 458, 459, 460, 572, 573, 853, 854, 855 and 856.** Although the Penarroya geochemical data revealed few significant anomalies, and the soil sampling carried out over most of the licence area by the Company's staff during the 1972 fiscal period provided little encouragement, subsequent detailed soil sampling on licence 460 to an initial depth of 12 inches outlined a well defined lead-zinc-copper anomaly south of an old showing in the vicinity of which are two shallow shafts.

Follow-up geochemical sampling at six foot depths using a Cobra drill dramatically increased most lead values. High zinc and copper values were also obtained in this area from the deeper sampling. An induced polarization survey was also carried out in this area and many high chargeability zones have been





# ANGLO UNITED DEVELOPMENT CORPORATION LIMITED



★ Principal known Pb, Zn, Cu deposits  
in Carboniferous limestone

**LEGEND**

WHOLLY OWNED  
JOINTLY HELD  
ANGLO-AMOX-TARA  
ANGLO-PENARROYA  
LOWER CARBONIFEROUS



SCALE  
30 15 0 30 60  
MILES



MAP SHOWING PROSPECTING LICENCE AREAS  
IN IRELAND WHOLLY AND JOINTLY HELD



defined, some of which coincided with the higher geochemical results. The well defined geochemical anomaly is aligned approximately east-west and its dimensions are about 1,600 feet by 300 feet.

The diamond drilling program which commenced during January, 1973, is still continuing. The present drilling has substantiated these values by the identification of sphalerite, chalcopyrite, chalcocite and galena at depths in excess of 100 feet within the thick, probably residual, sand which covers this area.

To the end of February, approximately 1,700 feet of drilling in six holes had been completed on the Faireygate licence. The source of the mineral values has not yet been determined and further drilling is continuing.

**Mallow Licences 441, 1366, and 1399.** A combination of geochemical sampling, induced polarization, geological mapping and prospecting was carried out on this group of licences during the fiscal period, culminating in the defining of a strong geochemical copper anomaly on licence 1399. Peak values for copper in the one-foot depth program were generally 200 to 500 ppm. Subsequent soil samples taken at six foot depths gave peak values of 600 to 4,000 ppm. An induced polarization survey carried out over this area outlined a moderate but sharp anomaly, almost coincident with the high geochemical values.

These detailed geochemical and geophysical surveys were carried out from November to February, 1973, and following the correlation of the results, a decision was made to initiate a program of diamond drilling. The copper anomaly is aligned approximately north-south and has dimensions of approximately 2,000 feet by 400 feet. The anomaly lies at the contact of a Devonian sandstone inlier with Carboniferous limestone to the north.

The program of drilling commenced during February and assays available to date for the first five holes are as follows:

Drill hole No.	Intersection From - To feet		Length of Intersection feet	Copper %	Silver Ozs/Ton
M-73-1	45	175	130	0.51	0.50
	323	353	30	0.66	1.39
	425.5	445	19.5	0.50	0.53
M-73-2	40	60	20	0.51	0.10
	90	136	46	0.54	0.72
	309	340	31	0.52	0.97
M-73-3 including	26	197	171	0.61	0.46
	106	197	91	0.75	0.50
	310	368	58	0.62	0.17
M-73-4	226	253	27	0.44	0.41
	308	341	33	0.52	0.66
M-73-5 including	256	291	35	0.58	Nil
	359	422	63	0.94	0.87
	359	395	36	1.32	1.42

The foregoing five drill holes span an east-west length in excess of 400 feet. These results are considered encouraging, particularly in this geological environment and viewed against the strong and consistent geochemical anomaly and its promising dimensions. Regardless of the favourable mineral intersections in this particular area, which will require considerable further drilling, the next hole, M-73-6, has been collared 1,700 feet to the south, at the southern end of the geochemical anomaly. The hole is positioned upon a geochemical and geophysical anomaly comparable to those upon which the earlier holes were drilled.

In addition to the foregoing principal programs, initial exploration has been carried out on other licence areas including Manorhamilton, Callan, Carrick-on-Suir and Cahir with follow-up work scheduled during the current year.



### **ANGLO UNITED LICENCES**

As previously stated, limited exploration was carried out on the Company's wholly owned licence 1285, as well as on the Galway licences which are 74.2% owned by your Company, the remaining 25.8% held jointly by Northgate's Irish Base Metals Limited (22.85) and Industrial Minerals & Chemicals Limited (3.0%).

With respect to the 12 contiguous licences in the Waterford District, 11 of which were jointly held by your Company and Tara, and the remaining licence held as to a 33⅓% interest by Anglo United and a 66⅔% interest held jointly by Tara and Northgate's Irish Base Metals Limited, this group was optioned to Amax Exploration of U.K. Inc., under an agreement whereby Amax can earn a 50% interest by the expenditure of \$150,000 over a period to June 30, 1973. After this expenditure, Anglo United's interest and Tara's interest would reduce to 23% respectively, and Irish Base Metals to 4%.

### **Salt Licences, County Antrim, Northern Ireland**

Your Company presently holds two prospecting licences in the Island Magee Area. While no work was carried out on these licences during the period under review, further exploration is under consideration.

### **CANADA**

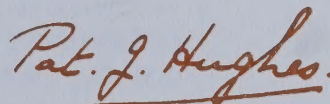
In addition to the Camp Lake Gold property which is retained, three additional groups were staked during the year to cover recorded showings of gold and base metals. The dramatic uptrend in the free market price for gold, which has been sustained at levels above \$65 per ounce for several months, will be an important factor in any future plans for further work on the Camp Lake Gold property.

### **General**

Your Company's working capital at October 31, 1972 (exclusive of investments consisting of 246,333 shares of Northgate Exploration Limited) amounted to \$677,237.

Your Directors express appreciation for the loyal and effective work of our technical staff and all employees.

On behalf of the Board of Directors,

A handwritten signature in dark ink, reading "Pat. J. Hughes." with a horizontal line underneath.

March 15, 1973

President

# ANGLO UNITED DEVELOPMENT CORPORATION

## AND ITS WHOLLY-OWNED SUBSIDIARY

### CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1972

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#### ASSETS

##### CURRENT ASSETS

Cash .....	
Notes receivable .....	
Accounts receivable .....	
Prepaid expenses .....	

##### INVESTMENTS

Quoted — at cost (note 1) (market value 1972 — \$1,194,720; 1971 — \$1,270,198) .....	
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##### FIXED ASSETS — at cost

Furniture and equipment .....	
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##### DEFERRED EXPENSES AND OTHER ASSETS (note 2)

Interest in exploration ventures (note 4) .....	
Oil leases .....	
Mining claims .....	
Deferred exploration and administration expenses .....	
Organization expenses .....	

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts payable and accrued charges .....	
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#### SHAREHOLDERS' EQUITY

##### CAPITAL STOCK (Note 5)

Authorized —	
8,000,000 shares without par value	
Issued and fully paid —	
6,405,000 shares (including 125,000 shares issued during the year for cash of \$136,250)	

DEFICIT — BALANCE 1971 AND 1972 .....	
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LIMITED



1972	1971
\$	\$
111,765	569,163
566,017	300,000
5,605	5,588
—	950
<u>683,387</u>	<u>875,701</u>
 231,541	 231,541
  4,646	  4,646
  216,323	  38,188
85,239	85,579
72,500	72,500
900,661	927,119
14,495	14,495
<u>1,289,218</u>	<u>1,137,881</u>
<u>2,208,792</u>	<u>2,249,769</u>
  6,150	  183,377
  3,986,950	  3,850,700
1,784,308	1,784,308
2,202,642	2,066,392
<u>2,208,792</u>	<u>2,249,769</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited and its wholly-owned subsidiary as at October 31, 1972 and the consolidated statements of earnings, deferred exploration and administration expenses and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1972 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
December 8, 1972

McDONALD, CURRIE & CO.  
Chartered Accountants

SIGNED ON BEHALF OF THE BOARD

PATRICK J. HUGHES, Director

ALAN R. B. LOWE, Director

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED  
AND ITS WHOLLY-OWNED SUBSIDIARY**

**CONSOLIDATED STATEMENT OF EARNINGS**

**For the Year Ended October 31, 1972**

	1972	1971
	\$	\$
INCOME		
Dividends .....	—	124,802
Oil production — net .....	340	3,736
	<u>340</u>	<u>128,538</u>
AMOUNTS WRITTEN OFF		
Deferred exploration and administration .....	—	124,802
Oil leases .....	340	3,736
	<u>340</u>	<u>128,538</u>
NET EARNINGS FOR THE YEAR .....	<u>—</u>	<u>—</u>

**CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND  
ADMINISTRATION EXPENSES**

**For the Year Ended October 31, 1972**

	1972	1971
	\$	\$
BALANCE — BEGINNING OF YEAR .....	927,119	874,830
Exploration expenses during year .....	20,296	115,770
Administration expenses during year .....	15,094	61,321
	<u>962,509</u>	<u>1,051,921</u>
Less: Cancellation of indebtedness re prior years' exploration expenses .....	61,848	—
Amount written off .....	—	124,802
	<u>61,848</u>	<u>124,802</u>
BALANCE — END OF YEAR .....	<u>900,661</u>	<u>927,119</u>



**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED**  
**AND ITS WHOLLY-OWNED SUBSIDIARY**

**CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION EXPENSES**  
**For the Year Ended October 31, 1972**

	1972	1971
	\$	\$
Exploration during the year —		
Assays .....	—	2,425
Camp supplies .....	—	6,440
Consulting fees .....	5,203	4,674
Diamond drilling .....	871	24,323
Economic evaluation .....	3,567	—
Exploration vehicle expense .....	—	184
Field supplies .....	153	4,913
Freight and transportation .....	61	187
General field operations .....	—	377
Geophysical survey .....	—	7,865
Geological survey .....	617	24,005
Insurance .....	138	77
Licences and taxes .....	2,843	1,130
Miscellaneous .....	179	661
Office expenses .....	—	1,627
Prospecting and trenching .....	—	18,706
Salaries and wages .....	6,250	—
Travel and accommodation .....	1,879	854
	<u>21,761</u>	<u>98,448</u>
Participations in joint exploration ventures —		
Ireland .....	(1,465)	30,211
Canada .....	—	(12,889)
	<u>(1,465)</u>	<u>17,322</u>
	<u>20,296</u>	<u>115,770</u>

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED  
AND ITS WHOLLY-OWNED SUBSIDIARY**

**CONSOLIDATED SCHEDULE OF DEFERRED ADMINISTRATION EXPENSES**

**For the Year Ended October 31, 1972**

	1972	1971
	\$	\$
Canada Pension Plan .....	110	316
Directors' fees .....	75	75
Insurance .....	—	902
Interest and bank charges .....	162	4,100
Legal and professional .....	20,579	24,033
Gain on foreign exchange .....	(19)	(135)
Miscellaneous .....	1,457	474
Office and stationery .....	1,718	690
Public relations and research .....	382	1,228
Rent .....	3,600	1,800
Salaries .....	11,400	11,400
Shareholders' information .....	5,995	7,623
Stock exchange fee .....	200	600
Taxes .....	1,115	108
Transfer agent's fees .....	918	7,817
Travel and accommodation .....	6,554	4,650
Pension plan — present service .....	—	2,388
	<u>54,246</u>	<u>68,069</u>
Less: Interest income .....	38,957	1,609
Administration fee from an associated company .....	195	5,139
	<u>39,152</u>	<u>6,748</u>
Deferred administration expenses for the year .....	<u>15,094</u>	<u>61,321</u>

**CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS**

**For the Year Ended October 31, 1972**

	1972	1971
	\$	\$
<b>SOURCE OF FUNDS</b>		
Cancellation of indebtedness re prior years' exploration expenses .....	61,848	—
Sale of fixed assets .....	—	4,755
Dividend income .....	—	124,802
Oil lease rentals .....	340	3,736
Proceeds from issue of shares .....	136,250	958,750
	<u>198,438</u>	<u>1,092,043</u>
<b>USE OF FUNDS</b>		
Interest in exploration ventures .....	178,135	38,188
Deferred exploration expenses .....	20,296	115,770
Deferred administration expenses .....	15,094	61,321
	<u>213,525</u>	<u>215,279</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	<u>(15,087)</u>	<u>876,764</u>
WORKING CAPITAL (DEFICIENCY) — BEGINNING OF YEAR .....	692,324	(184,440)
Increase (decrease) in working capital .....	<u>(15,087)</u>	<u>876,764</u>
WORKING CAPITAL — END OF YEAR .....	<u>677,237</u>	<u>692,324</u>



# ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended October 31, 1972

### 1. INVESTMENTS

Due to the number of shares held the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

### 2. VALUES

The amounts shown for deferred expenses and other assets represent costs to date less amounts written off and are not intended to reflect present or future values.

### 3. SENIOR OFFICERS' REMUNERATION

The aggregate direct remuneration paid to directors and senior officers (as defined by The Business Corporations Act, 1970, which includes the five highest paid employees) was \$49,761 for the year ended October 31, 1972.

### 4. WORKING OPTION AGREEMENT

Under the terms of an agreement dated July 1, 1971 the company obtained a working option from La Societe Miniere et Metallurgique de Penarroya to enter upon and explore 53 mining licences in the Republic of Ireland for a period from July 1, 1971 to October 31, 1972 and renewable at the option of the company for three successive periods of one year. To October 31, 1972 expenses in the amount of \$204,697 have been incurred in respect of the working option and the option has been extended to October 31, 1973.

In order for the company to exercise its right to extend the working option on October 31, 1973 and 1974 the company must agree to spend during the period relating to the extension the higher of U.S. \$100,000 or the amount required to maintain the licences in good standing. Any amount expended in excess of U.S. \$100,000 shall be carried forward and credited to expenditures required to be made in the subsequent year, provided that the credit shall not relieve the company of its obligation to spend sufficient sums to keep the current licences valid and in good standing.

Amounts expended in Irish currency have been translated into Canadian dollars at the actual rate prevailing at the time when the expenditure was incurred.

### 5. CAPITAL STOCK

- (a) During 1972 the company increased its authorized capital from 7,000,000 shares without par value to 8,000,000 shares without par value.
- (b) Subsequent to October 31, 1972 the company granted options on 33,500 previously unissued shares at a price of \$1.105 per share to certain full time employees of the company. The Toronto Stock Exchange granted approval to the plan.

The options are for a period of three years exercisable in each year as to the total number of shares set out below:

Year ended October 31, 1973	11,500 shares
Year ended October 31, 1974	11,000 shares
Year ended October 31, 1975	11,000 shares.

Such options are cumulative and to the extent that all or any part of any option is not exercised by the employee in any one year, they are to be carried forward and exercisable in the subsequent year or years.

